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# DEAL-MAKING IN WHITEHALL: COMPETING AND COMPLEMENTARY MOTIVES BEHIND THE REVIEW OF SUB-NATIONAL ECONOMIC DEVELOPMENT AND REGENERATION

*Sarah Ayres and Ian Stafford*

## ABSTRACT

**Purpose** - The aim of this article is to explore Whitehall motivations underpinning the *Sub-national Review of Economic Development and Regeneration*.

**Design/methodology/approach** - It is based on interviews conducted with senior Whitehall officials involved in regional working. **Findings** - The Sub-National Review seeks to streamline regional structures and provide regions with enhanced autonomy. However, findings indicate that there are distinct differences of opinion across Whitehall departments regarding the future trajectory of English regionalism and what powers and functions regional bodies should acquire. These contradictory positions raise questions about the implementation and effectiveness of the proposals.

**Originality/value** - An examination of these phenomena is intended to provide greater clarity regarding the opportunities and constraints presented by the latest phase of regional restructuring.

**Type of paper:** Research paper **Key words:** English regionalism, Whitehall, Sub-national Review, inter-governmental relations, governance, partnerships

## INTRODUCTION

Since 1997 the English regional tier has grown in institutional size and complexity. It has, however, evolved as the result of a ‘mish-mash’ of top-down decentralising initiatives and bottom-up coordinating programmes - what Stoker (2005: 158) refers to as ‘New Labour’s rather chaotic top-down approach to decentralisation’. The Government’s motives associated with modernisation and productivity have received consistent support, championed largely by a ‘beefed up’ Treasury and influential Cabinet Office. By contrast, in the absence of cross-departmental support, the democratic strand of New Labour’s regional agenda has moved, as Sandford and Hetherington (2005: 95) note, at a ‘snail’s pace’ and even by the first referendum in the North East in November 2004 elected regional government remained ‘a semi-detached policy’ (ibid). Indeed, the failed North East referendum left an opening for a lively debate in which different stakeholders began to express their preference for the future of English regionalism.

The Government responded by enhancing the responsibilities of the regional tier through promoting local flexibilities in the context of national performance incentives (HMT and Cabinet Office, 2004), acknowledging the important role of the regions in achieving policy integration (DTI *et al*, 2006; Sustainable Development Commission, 2005) and providing regions with greater discretion over expenditure and taking account of priorities expressed by regional stakeholders (HMT *et al*, 2005). Nonetheless, the status of the English regions was being challenged. Emerging evidence questioned the ‘economic dividend of regionalism’ and the lack of progress made in meeting the Government’s target to reduce economic disparities between regions (Rodriguez-Pose and Gill, 2005; Morgan, 2006; Burch *et al*, 2008a). Regional structures were also criticised as ineffective and lacking leadership (Audit

Commission, 2006; Pearce and Ayres, 2007) and ‘city regions’ received increasing attention as a more suitable territorial scale to promote economic development (New Local Government Network, 2005).

As part of the 2007 Comprehensive Spending Review (CSR), the Chancellor announced that the Government would undertake a review of sub-national governance structures in England. The Review’s remit was to explore ways to ‘improve the economic planning and decision-making processes at the regional level...through better alignment of regional strategies, enhancing the strategic role of Regional Development Agencies (RDAs), improving RDA capacity, efficiency and effectiveness and increasing regional accountability’ (HMT, 2007). The Sub-National Review (SNR) was published in July 2007 and represents the most recent statement of New Labour’s intentions for the English regions. Six months later the Government published *Taking forward the Review of Sub-National Economic Development and Regeneration* (DCLG and DBERR, 2007:3), which set out a broad timetable for SNR implementation and promised a ‘full consultation document to be published early in 2008’.

The consultation document, *Prosperous Places* (DCLG and DBERR, 2008), was published in March 2008 alongside related DCLG reports on ‘the economics of why place matters’ (DCLG, 2008a: 7); ‘the range and types of economic assessments currently being produced at the local and sub-regional level’ (DCLG, 2008b: 4) and ‘clarifying the role and potential of sub-regional working in planning policy and decision-making’ (DCLG, 2008c: 3). These documents were intended to provide the political and institutional context within which stakeholders would develop their SNR submissions. In addition, *Prosperous Places* sought to bring further clarity to the reforms and invited views on key aspects. Significantly, though the document maintained the stress on the economic agenda evident in the SNR, its tone was different - the outcome of political wrangling and discussions within Whitehall over both the policy objectives of the reforms and institutional arrangements.

The aim of this paper is to explore the rationale underpinning these proposals and assess their implications for regional institutions and policy making. It is based on interviews conducted between Summer 2007 and Spring 2008 with senior Whitehall officials involved in regional working. Interviewees were asked about departmental aspirations for regional reforms, how they viewed the proposals in the SNR and the likely impacts on regional policy and institutions. The paper is in five sections. After this introduction the next section examines the structure and remit of the SNR Cross-Whitehall Programme Board, which was set up to facilitate discussions between government departments. Section three explores the different departmental positions underpinning the SNR. Section four examines discussions between departments in the period between the publication of the SNR in July 2007 and the consultation document *Prosperous Places* in March 2008. We conclude by reflecting on the consequence of Whitehall’s divergent views on the SNR reforms and its continued ambivalence to the future of English regionalism.

## **THE SNR CROSS-WHITHALL PROGRAMME BOARD**

In 2007 a ‘SNR Cross Whitehall Programme Board’ was set up to guide discussions around SNR proposals and their implementation. The Departments for Business,

Enterprise and Regulatory Reform (DBERR) (previously Department for Trade and Industry until June 2007) and Communities and Local Government (DCLG) were given joint responsibility for taking the lead, with the Treasury as a key partner. In addition, the Departments for Work and Pensions (DWP), Culture, Media and Sport (DCMS), Environment, Food and Rural Affairs (DEFRA), Transport (DfT), Innovation, Universities and Skills (DIUS) and Children, Schools and Families (DCSF) were invited to participate (DIUS and DCSF were previously the Department for Education and Skills until June 2007). Interestingly, the Department of Health (DoH) and Home Office (HO) were not party to these negotiations because neither department considered that their regional remit was sufficient to warrant participation. A DoH official explained 'the SNR was not of immediate interest to the Department of Health but we were supportive of the intent'. Indeed, a DCLG official explained that the Programme Board 'focussed on those departments that would actually clear the final product [the SNR] and the consultation paper'.

The Board was chaired by the Director General of Local Government and Regeneration in DCLG who was appointed as the senior reporting officer to the Treasury and Secretaries of State for DCLG and DBERR. The Board's brief was to provide a forum for discussion amongst relevant departments and 'to try to resolve tricky issues and air concerns amongst key Whitehall colleagues' (DCLG official). Evidence indicates that much of the ground work, including policy proposals, had already been drafted by officials within the Treasury (Townsend, 2007). Indeed, the focus of the Board was not to suggest alternatives but to 'secure buy in, feed in ideas about refining proposals and take forward the SNR in terms of implementation' (DCLG official).

In terms of departmental involvement, those charged with coordinating the Board indicated that outside the 'core three' departments, DEFRA was the most proactive, spurred on by a remit to ensure that economic growth should be achieved while adhering to the principles of sustainable development. DIUS and DWP's engagement was largely centred on discussions associated with Regional Funding Allocations (RFAs) (HMT *et al*, 2005), which were included as part of the SNR proposals. The first round of RFAs in 2005 involved indicative funding allocations for transport, housing and economic development within which regional partners were invited to jointly advise ministers on spending priorities through to 2007-08 and to prepare indicative planning assumptions up to 2016. Regional actors were also asked to consider the scope for vireing (or transferring) allocations between budget headings, where this would assist integration. A second round of RFAs was announced as part of the SNR with skills and employment policy mooted for inclusion. Nonetheless, despite Treasury efforts both DIUS and DWP resisted the move, fearing virement and loss of control to regional bodies (HMT *et al*, 2008).

The transfer of funds from the Learning and Skills Councils (LSCs) to local authorities for skills programmes for 14-19 year olds proved to be the priority concern for DCSF, while DCMS was eager to ensure that cultural issues would be recognised in any new regional settlement. DCLG, DBERR and DfT were supportive of measures to reduce institutional complexity at the regional tier, with DCLG keen to strengthen the role of local authorities and DBERR enthusiastic to maximise the influence of RDAs.

## DEPARTMENTAL POSITIONS ON SNR PROPOSALS

The SNR incorporated a range of reforms to promote economic development and regeneration at the sub-national tier. The following discussion identifies key elements and examines departmental positions and preferences. Some of the detail regarding the implementation of the proposals has been purposefully omitted to avoid duplication with other papers in this special issue. The discussion is framed under the following headings:

- Abolition of Regional Assemblies,
- New role for RDAs in drafting Single Regional Strategies (SRSs),
- New powers for local authorities to promote economic development and scrutinise RDAs,
- Enhanced emphasis on Multi Area Agreements (MAAs), and
- Stronger accountability of RDAs to central government.

### *Abolition of Regional Assemblies*

The regional tier represents a congested institutional landscape. Uncertainties have arisen over the respective roles of Assemblies, RDAs, Regional Government Offices (GOs) and other public bodies operating in the regions and the status of the multiplicity of regional strategies that have emerged in recent years. Particular attention has focused on the relationship between the Regional Spatial Strategies (RSS) - drafted by the Assemblies and the Regional Economic Strategies (RES) - developed by RDAs. Whitehall officials also expressed concerns that the activities of regionally-based quangos were not always aligned, and 'do not necessarily contribute to meeting regional objectives' (DBERR official). In its submission to the SNR consultation the Audit Commission (2007a: 10) stated that,

'In the absence of a clear framework, the result has been a complex and confusing picture of a multi-layered, fragmented array of bodies with overlapping responsibilities and strategies, multiple and complex networks, relationships and partnerships'.

As a consequence, Whitehall officials from all departments expressed a desire to streamline regional structures and improve performance by reducing complexity in the regions.

'The Sub-national Review in its inception was born out of a desire to get to grips with on all of the initiatives and devolved decision making arrangements that the government has introduced since 1997. Quite often regional bodies overlap each other. We have done a review, which looks at how that might be managed better' (Treasury official).

A DCLG official confirmed the Treasury's appetite for simplification stating that 'there is an attraction in the Treasury to things that look dynamic and regional structures can't look dynamic through the undergrowth of bureaucracy'. The result is that 'Regional Assemblies in their current form and function will not continue' (HMT *et al*, 2007: 95). Indeed, they are to be abolished by 2010 and their strategic planning, transport and housing functions transferred to the RDAs. Within this congested institutional landscape, Assemblies, in particular, have found it difficult to manage the

tensions and ambiguities surrounding their responsibilities. They have also been unable to effectively balance fragmented interests and promote greater regional awareness (Joseph Rowntree Foundation, 2007) and in some regions have failed to attract strong support from either local authorities or the business community (Audit Commission, 2007b).

However, plans to abolish Assemblies received different levels of support across Whitehall. For some Whitehall officials the decision was clear cut. A DBERR official confirmed it was about 'simplification and removing the complexity in making hard decisions'. In a similar vein, a DfT official described existing regional structures as a 'two-headed monster' and opined that abolishing Assemblies and strengthening RDAs would make it 'easier' for them to engage with regional structures. By contrast, DEFRA was concerned that, in the absence of Assemblies, there would be no organisation to champion sustainable development in the regions. The Assemblies currently produce Regional Sustainability Development Frameworks and provide a conduit for Regional Sustainability Round Tables to participate in regional strategy making. In their absence, the skills, expertise and influence of these interests could be lost (Jones, 2008).

The DCLG was also reluctant to see Assemblies abolished. Indeed, one DCLG official claimed that the Department had lobbied hard to retain Assemblies on the grounds that they provided an important platform for representing regional interests and avoiding local authority turf wars.

'We argued for the status quo. We argued that the status quo isn't great. It's messy and it isn't where we wanted it to be but then we did not want to lose the North East referendum. But we need something to sort out [local authority] parochialism' (DCLG official).

Once DCLG realised, in the face of Treasury and DBERR opposition, that they had effectively 'lost that battle', the Department then lobbied for a local authority majority on the RDA Boards on the grounds that this would confirm greater democratic legitimacy on an empowered quasi-autonomous, non-governmental organisation (QUANGO). However, this proposal was rejected by the Treasury, which wanted to maintain the Agencies' business led approach.

Somewhat unexpectedly concerns were expressed within DWP about granting RDAs additional powers. Indeed, one senior official from the department favoured the elimination of the RDAs rather than Assemblies on the grounds that,

'It is increasingly difficult to get RDAs to have a set of policies consistent with national policies and that is one of the reasons we got involved in the SNR. The point of the SNR was to get decisions made at the most appropriate level and we proposed the abolition of RDAs but that was rejected'.

A DCLG official, however, confirmed that the DWP's preference was never fully articulated,

'It was a very fanciful position and never really a political reality. I think that it illustrates that there is not much point in a department having a view if they

haven't worked out the mechanisms to seek influence.'

The removal of Assemblies has a number of policy implications. For example, the SNR states that 'regions will be expected to work with key stakeholders to set out plans for housing growth that meet regional demographic pressures, and help tackle affordability and the national under-supply of housing' (HMT *et al*, 2007: 93). For some observers the decision to abolish the Assemblies can be seen as a central government measure to remove an obstacle in the way of increasing the supply of land for housing, especially in south-east England. However, there was no consensus among Whitehall officials that proposals to transfer the regional planning function to the RDAs would ease the shortage of new housing. Indeed, a Regional Coordination Unit (RCU) official felt that without the mediating hand of Assemblies, in which local government representatives form a majority, there could well be arguments about future housing land allocations.

"If you do not have a regional apparatus then big local authorities, like Essex and Hertfordshire, could well say 'those are our numbers and we are under no pressure at all to increase them'. Whereas, with the Regional Assemblies around, the other counties were saying 'sorry guys that is not a tenable position because you load all the pressure on us and we have got to deal with this collectively'. So, that will be lost".

A further issue relates to the important role that the business, voluntary and community sectors - Social and Economic Partners (SEPs) - have played in shaping regional policy (House of Commons Justice Select Committee, 2008). The disbandment of Assemblies could mean that SEPs have no platform from which to influence regional debates, thus 'weakening their input into the policy process in crucial areas such as planning, housing, environmental protection and sustainability' (Mrinska, 2008: 13). The SNR stated that RDAs and local authorities will have to consult relevant interest groups in the development of their plans. Nonetheless, it offers no promise of resources or administrative support. A recent report by the New Local Government Network (NLGN) states that new 'expert advisory' arrangements should be developed by RDAs to ensure that they make the best use of expertise from partners across the regions (Leslie, 2008). As yet, there is no firm guidance from central government on this issue and there is a danger that valued partners may become disillusioned and withdraw their participation in regional forums.

### ***New role for RDAs in drafting Single Regional Strategies***

The decision to strengthen RDAs and charge them with producing a SRS was underpinned by a number of government aspirations, including a desire to:

- Enhance sub-national discretion (National Audit Office, 2003),
- Tackle regional economic disparities (HMT *et al*, 2006a),
- Streamline the 'targetry' system,
- Reduce the number of regional strategies, and
- Improve the regional evidence base (HMT *et al*, 2006b; Allsopp, 2004; OECD, 2006).

These motivations have shaped the new responsibilities for RDAs. Indeed, the SRS 'is intended to give regions greater flexibility to determine the detailed working

arrangements for preparing the strategy and implementation plan' (DCLG and DBERR, 2008: 33). However, a number of discrepancies are apparent. In a bid to streamline the complex targeting system, the RDAs' existing tasking framework is to be replaced with a simplified 'outcome and growth-focussed framework, defined by a single over-arching growth objective' (HMT *et al*, 2007: 93). So, rather than being accountable to a range of Whitehall departments, RDAs will be solely accountable to DBERR for delivering the new growth objective. RDAs will also be the principal delivery agents for delivering the Government's Regional Economic Performance Public Service Agreement (PSA), which will replace the existing array of PSAs and outcome targets that currently dictate RDA activities. This provides the Agencies with a much clearer focus on economic productivity, but Whitehall officials expressed reservations about whether RDAs could rise to the challenge. A RCU official explained that,

'There are long-standing concerns about delivering on PSAs and regional economic growth targets. If you look at the evidence, we are not as productive as some of our competitors and that will be difficult for RDAs to turn around'.

The RDAs' proposed new roles also raise questions about the social and environmental aspects of the SRS in the context of the Government's aspiration to achieve sustainable development. A Treasury official responded to these concerns by stating that,

'There are two things to say with regards the possibility of losing the sustainability focus. The first is that a strong local authority input and input from other agencies should act as a check against that and the sign off from DCLG. The other thing is that it is quite clear that the Regional Strategy will need to cover economic, social and environmental objectives in a sustainable way. The RDAs' £2.3 billion pot of money is specifically focussed on economic development but they can incorporate sustainable development by working with other agencies in the regions'.

Indeed, the expectation is that the SRS will set out the economic, environmental and social objectives across related policy areas for each region. For some commentators the 'integration of housing planning, transport and economic development is long overdue' (Clark, 2008: 108). As Marshall (2008: 102) notes, 'if the greater and more coherent clout of the RDAs can give better results [in terms of integration], this might be worthwhile'. However, there are concerns about the capacity of RDAs to take on these functions. For example, a DCLG official was circumspect about the inclusion of sustainability in the SRSs, stating that 'the Treasury is about jobs, we are about housing and I'm not sure that environment comes very far up DBERR's radar'.

Anxieties have also been articulated in DCLG about how RDAs are to combine their responsibilities as future regional planning bodies with their economic development role. There are already staff secondments from Assemblies and local government to RDAs but the expectation is that the Agencies will need to adapt their organisational culture considerably and develop a new skills set in order to take on this task. As a DCLG official noted, 'Our view is that the RDAs do need to change and in essence, we are setting up new RDAs'. Nonetheless, one might question how amenable business-led RDAs will be to this transformation.



In Whitehall, the SRSs will be signed off jointly by the Secretaries of State for DBERR and DCLG. Nonetheless, there appears to be some confusion in Whitehall about these arrangements. Treasury, DBERR, DCLG and RCU officials were absolutely clear that the joint sign off would not lead to tensions between departments. For them, it was unambiguous that DBERR will have control over the economic and DCLG over the spatial elements of the strategies. However, interviews with DEFRA and DWP officials indicated that they view the SRS as more of a 'cross-departmental sign-off'. As a DWP official explained, 'I think the strategy will involve a collective cabinet decision and I suspect DWP will be involved and I suspect there will be tensions'. Likewise, a DEFRA official indicated,

'Although DBERR and DCLG sign off the new Regional Strategy, consultation on it with other departments is extensive and there is no way they would sign it off if a DEFRA minister was raising serious concerns. But, there has to be a single nominated Secretary of State, where the buck stops for legal reasons'.

How the practicalities of this joint sign off will work in practice remains to be seen. In addition, *Prosperous Places* indicated that Whitehall will approve regional strategies in 'two months' (DCLG and DBERR, 2008: 35) - a timeframe that appears highly ambitious given the fact that the South East's most recent RSS has been under review by DCLG for over two years.

### ***New powers for local authorities to promote economic development and scrutinise RDAs***

The decision to grant local authorities new powers to promote economic development was prompted by a number of factors. The SNR states that:

'Globalisation and technological change mean that regions and localities need the tools and incentives to build on their indigenous assets so that they can respond quickly to changing economic circumstances if they are to increase prosperity' (HMT *et al*, 2007: 7).

The emphasis on local incentives, bottom up policies and building on indigenous assets draws on many of the themes identified in the new regionalist literatures (Amin and Thrift, 1994; Cooke and Morgan, 1993) that shaped plans for the introduction of RDAs in 1999. More recently, the *Devolving Decision Making* series (HMT *et al*, 2004; HMT and Cabinet Office, 2004) recognised that localities need greater flexibilities and powers if they are to achieve economic growth. Combined with this approach was a desire in government to respond to the city region agenda and introduce structures that would allow localities to operate at multiple spatial scales, dictated by functional and evidence based rationales for action (HMT *et al*, 2006b). As a DCLG official stated, 'we wanted to get away from the notion of a one size fits all. We wanted a multi-scalar approach based on good economic sense'.

There were, however, differences between departments about the appropriate territorial scales to which responsibilities and funding should be decentralised. The Treasury and DBERR placed a strong emphasis on city regions as part of the

economic productivity agenda. DEFRA recognised the potential importance of the regional tier in dovetailing social, economic and environmental concerns in a bid to achieve sustainable development (DTI *et al*, 2006). DfT, DIUS and DWP operate at multiple sub-national scales and were keen to ensure that decentralisation occurs at an appropriate level but ‘within the confines of nationally agreed frameworks’ (DIUS official), while DCLG flagged up the important contribution of local authorities to the achievement of national and regional objectives.

A further issue concerned the perceived regional democratic deficit. The November 2004 referendum left policy makers with a dilemma - how best to achieve their aims for English regionalism under *administrative* as opposed to *devolved* governance. Regional government was intended to facilitate improved decision-making, policy coordination, better management of resources and more efficient programme delivery (Jeffery and Mawson, 2002) and Whitehall now had to find a way to deliver these objectives with the limited tools available. A DCLG official noted that,

‘the Government wanted to meet the commitments it made in the 2002 White Paper *Your Region, Your Choice* [Cabinet Office and DTLR, 2002] but it faced a problem in that the only body it could decentralise to was a quango [the RDAs]’.

As a consequence, it was accepted that any new settlement aimed at decentralising further powers would have to be matched with efforts to ensure greater accountability. In response to these challenges, the SNR stated that ‘local authorities are to be strengthened and given better incentives to work with their local partners to deliver improved performance on economic development and neighbourhood renewal’ (HMT *et al*, 2007: 71). The new proposals will require local authorities (individually or jointly) to carry out an assessment of the economic circumstances of their locality, which will feed into the process of drafting the SRSs. Proposals also include a more central role for local authorities in scrutinising the work of the RDAs.

Local authorities have broadly welcomed these proposals. However, there are disagreements about what template might be used for the economic assessments. One option is that local authorities will decide for themselves what information and criteria might be used, based on the work that many have already undertaken. However, a recent DCLG (2008b: 4) study indicates that ‘the depth of analysis in assessments and their contribution to strategy development varies considerably’, raising questions in Whitehall about local authority capacity. A second option, favoured by DBERR, would entail enforcing a standard template that would assist in reducing inconsistencies and be designed to meet the RDAs’ requirement. Nonetheless, this second option runs the risk of placing additional and unwanted demands on local authorities (Centre for Local Economic Strategies, 2008).

The economic assessments are intended to enable local authorities to make a more informed case for resources. There is an assumption that economic assessments will also form an evidence base to shape priorities within the SRS. Nonetheless, the SRS must incorporate a multitude of policy issues, relating to housing, planning and environmental concerns, thus potentially limiting the prospective influence of local authorities. Moreover, while the SNR outlines an important role for local authorities in the consultation for the SRS it does not offer them a veto, as a DBERR official

described, 'Local authorities are to be consulted but they will not have a veto. So, in a sense they will have one bite at the cherry but the RDAs will decide'.

Finally, the SNR clearly states that RDAs will be 'expected to delegate delivery responsibilities where possible, unless there are clear reasons for not doing so, such as weaknesses in local authority capacity' (HMT *et al*, 2007: 88). Nonetheless, a failure to clearly articulate priority areas for investment could potentially threaten the delivery role of local authorities. Our interviews with Whitehall departments indicated that 'the Treasury does not want jam spreading' (DBERR official). In other words, it wants investment to go where it makes best economic sense and that does 'not mean all local authorities getting a slice of the cake' (Treasury official). In this argument evidence based rationality outweighs democratic or spatial equity considerations. This poses a significant dilemma for local authorities. On the one hand they have an obligation to make the case for investment in their own areas, while at the same time agreeing a common 'regional' position to lobby the RDA. If they fail to collectively agree on investment priorities, it might give the RDAs an excuse to hold on to resources and delivery responsibilities.

### ***Enhanced emphasis on Multi Area Agreements (MAAs)***

The SNR emphasises the centrality of Multi-Area Agreements (MAAs) - 'groupings of local authorities coming together on a voluntary basis for a three year period to agree collective targets and performance indicators, rather than having individual targets in separate Local Area Agreements' (HMT *et al*, 2007: 89). MAAs represent a departure from economic development initiatives constrained by regional geographical boundaries. The term multi-scalar is used to describe these arrangements that potentially include city-regions and surrounding shire counties. However, a DCLG official was of the opinion that MAAs would mostly involve city regions, although, in his view, this 'term is out of the window because it is seen to marginalise peripheral and rural areas'. Hence, while the SNR refers to MAAs, there is perhaps an underlying assumption or acceptance in Whitehall that this really means 'city regions', dressed up in a more palatable label for rural areas.

The SNR states that MAAs should:

- Be voluntary,
- Focus on evidence based activity that adds greatest value at the sub or city-regional scale,
- Concentrate primarily upon economic development,
- Be subject to shared and collective responsibility amongst partners,
- Have transparent arrangements for accountability,
- Include representatives from business and RDAs and where relevant, include both tiers of local government,
- Be based on functional economic areas,
- Be consistent with regional strategies and local Sustainable Community Strategies and complement Local Area Agreements, and
- Build on existing sub-regional partnerships (Burch *et al*, 2008a: 25).

Thirteen sub- and city-regional groupings have been working on proposals that were considered in the first round of MAAs (DCLG, 2007). These are dominated by areas that have a track record of collaboration, including Birmingham, Bristol, Leeds and

Sheffield. Indeed, this situation was predicted by a DBERR official, who felt that existing city-region arrangements would spearhead the proposals,

‘What we didn’t want to do in the SNR was lose the good work that already exists at a city-region level. It is right and proper that these arrangements should form the basis of MAAs and be at the forefront of the proposals’.

However, of the thirteen, only seven have been signed off by the Government’s original deadline of June 2008, with the others due for completion by spring 2009. A Treasury official noted that MAAs need to meet strict criteria as ‘RDAs do not want to devolve where groups of local authorities have not got capacity or willingness’. The same official argued that ‘some councils just aren’t ready to take up that level of responsibility and the RDAs will need to work with them to bring them up to speed’. However, an RCU official was more circumspect about the ability of RDAs and local authorities to work together, stating that ‘local authorities are wrong to expect RDAs to automatically devolve. There will undoubtedly be battles to make this happen’. Following the sign off of the seven MAAs, DCLG (2008d) announced that,

‘In a contract with Government, councils working together with local agencies - from Greater Manchester to the South Coast - will get more freedoms from Whitehall in return for pledging a local, partnership approach to boost economic growth and tackle deprivation and financial inequalities’.

However, MAAs will not have a direct line of contact with Whitehall and must engage with regional structures, most notably RDAs and GOs, to achieve their objectives.

‘The MAAs will be approved by the GOs but how much money they get will depend on their discussions with RDAs. MAAs must buy into the SRS. That is why the option of going to Whitehall has been got rid of because you can’t plan piecemeal’ (DBERR official).

A further step could be the establishment of statutory, legally-binding city-regional structures empowered to deal with economic development. This ‘would enable funding and responsibility to be devolved or delegated directly to the sub-region, rather than to individual local authorities’ (Burch *et al*, 2008b: 6). While this can be viewed as an opportunity to strengthen MAAs and secure greater policy discretion, our interviews revealed reluctance in government to grant genuine autonomy. For example, when probed about levels of ministerial support for the SNR, an official on the Whitehall Programme Board indicated that ‘given the nature of the subject there hasn’t been a great deal of enthusiasm amongst ministers for this piece of work’. The official indicated that the Secretary of State for DCLG has been ‘keen to push the local authority devolutionary agenda, which has driven her involvement in SNR discussions’. However, a DCLG official set out the political barriers to greater sub-national discretion, particularly over finance.

‘RDAs and MAAs are still constrained by centrally determined regional growth targets. You will never get ministers who are ultimately providing the money accepting a degree of autonomy with what you might call ‘regionalism’ or ‘devolution’. Because government provides 75% of the

money, ministers are held responsible. So, the SNR is not about devolution of powers. It's almost an economic and spatial convenience because there has to be some level at which these activities are organised" (DCLG official).

### ***Stronger accountability of RDAs to central government***

The publication of *The Governance of Britain* Green Paper in July 2007 (Ministry of Justice, 2007) rekindled interest in notions of openness and accountability at the regional tier and in government more generally. This is especially interesting given that English regionalism has often been referred to as a game of two opposing agendas; Gordon Brown and the Treasury's economic productivity agenda versus John Prescott's democracy drive (Sandford, 2005). Nonetheless, one DCLG official noted that such accounts may be over simplistic,

'Since Gordon Brown took over as Prime Minister in June 2007, there is an increased emphasis on promoting democracy at the regional level that wasn't there eighteen months ago. But, what that means in practice remains to be seen'.

In a bid to respond to the democratic deficit at the regional tier, regional ministers have been appointed. They are intended to provide a clear sense of strategic direction for their region, provide each region with a voice in central government and to make central government more evident in the regions (Ministry of Justice, 2007: 38). Nonetheless, when probed about the precise role of regional ministers a DCLG official confirmed that,

'Regional ministers will have a strong role in representing interests in their regions and championing the government in those regions and addressing barriers to delivery. They are not there to lobby central government on the regions' behalf.'

This statement appears to confirm the top-down nature of the Ministers' role. Although the Government has stressed that regional ministers should provide a stronger regional voice in Whitehall, questions remain over the time commitments, profile and enthusiasm of ministers to effectively deliver this pledge.

Alongside regional ministers, in July 2008 the Government unveiled plans to establish eight *regional select committees*, with membership reflecting the membership of the House, and eight *regional grand committees*, to include all MPs from each region (Office of the Leader of the House of Commons, 2008). The Government 'has indicated that regional committees together with regional ministers will allow greater public accountability of RDAs' (Maer, 2008: 20). However, our interviews indicate concerns in Whitehall about the level of government resources required to facilitate the process, duplication with other select committees, the reluctance of regional bodies to cooperate and a lack of compatibility between scrutiny by local authorities at a regional level and by select committees at a national level. Moreover, there is firm resistance to any suggestions that regional ministers or select committees should interfere with the RDAs' conventional lines of accountability to Whitehall. As a Treasury official commented, 'regional ministers or select committees do not conflict or override the clear lines of accountability for RDAs we have sought to establish in the SNR. Accountability for RDAs rests with the Secretaries of State for DBERR and

DCLG’.

## **TAKING FORWARD THE SUB-NATIONAL REVIEW**

Following the publication of the SNR in July 2007, the SNR Programme Board began to receive informal soundings on the proposals from government departments and sub-national organisations. Its task was to take forward the proposals and, in the view of one member, ‘producing the consultation document [*Prosperous Places*] was a greater challenge than producing the SNR because we had to square some of the contradictions within the SNR and bring people on board’. Another member indicated that the Treasury had been keen to drive through the SNR proposals, perhaps without the full backing of Whitehall departments,

‘I think it’s fair to say that the Treasury assumed that everyone had signed up to the SNR and I’m sure that there are e mails somewhere that tell us that. But, that is rather different from departments collectively or corporately signing up to it. For example, I think when DEFRA realised what someone on their behalf had signed up to in the SNR last summer they became quite concerned about the reshaping’.

The upshot was that the Programme Board faced some difficult decisions in order to achieve buy-in across Whitehall. Interviews indicated that the following themes proved to be particular points of contention.

*Economic development vs Sustainability:* As noted above, DEFRA was concerned that there was a tension in the SNR between economic growth and sustainability. *Prosperous Places* makes more reference to the notion of sustainability than the SNR and a DCLG official indicated that, in meetings with ministers, the Chair of the Sustainable Development Commission (SDC) was ‘quite positive and thought that it was an improvement on the original SNR with lots more clarity about how sustainability fits in’. The official view from the SDC was, however, less sanguine (SDC, 2008). Indeed, placing ‘sustainable’ in front of ‘economic development’ does not imply an integration of the concepts (Counsell and Haughton, 2006), while a DEFRA official observed that ‘RDAs have still to prove their commitment to sustainable growth’.

*Capacity concerns within RDAs:* There were some tensions between DBERR and the Treasury, on the one hand, and DCLG on the other about how far RDAs should remain business-led bodies. DCLG judged that RDAs need to significantly adapt their skills profile and business culture if they are to become the regional planning body - a move that appears to have been successfully resisted by Treasury and DBERR in *Prosperous Places*.

*How to measure the capacity of sub-regional partnerships:* The SNR left some uncertainty about how sub-regional groupings would demonstrate their capacity. DCLG’s preferred position is a presumption that RDAs will delegate funds unless there are extenuating circumstances. DBERR’s preference is that local authorities will need to make a formal case as to why they should be delegated responsibility. This is yet to be resolved and the issue formed a central thread of the consultation exercise.

*Operation of local authority forums:* There was a concern across all departments that local authority forums should *not* be ‘just an Assembly without SEPs’ (Treasury official). Whitehall wanted to make clear in *Prosperous Places* that they expect to see local authority leaders and Chief Executives get involved to reflect the importance of the Forums. The Treasury and DBERR also support a strong local authority role as they ‘have pushed really hard on delegation to RDAs and we know it can’t work without local authority buy-in’ (Treasury official).

*How to ensure the engagement of SEPs:* Members of the Programme Board conceded that *Prosperous Places* ‘hasn’t gone into great detail about how we ensure stakeholders have a voice in the region’ (DCLG official). The view was that Whitehall wants to avoid dictating how partnerships and consultation should operate at a regional level. There have been no finite decisions on this issue, although it is something that the Board expects to feature quite strongly in submissions to the SNR consultation.

## CONCLUSIONS

While the SNR speaks of economic rationality and evidence based policy, our findings indicate that the trajectory of English regionalism is dictated by a highly politicised game that reflects deep rooted departmental positions, cultures and legacies. Evidence suggests that the SNR is a top-down Treasury driven agenda, focussed predominantly on enhancing economic productivity. While the Whitehall Programme Board undoubtedly had a role in thrashing out some of the detail, the future of English regionalism was ultimately determined by Treasury ministers and officials. Nonetheless, the Treasury did not have it all its own way. Some departments were better at resisting the reforms than others. For example, DWP and DIUS opposed the move to participate in the second round of regional funding allocations, despite a pledge in the SNR for them to do so (HMT *et al*, 2008). It would appear that even the Treasury finds it difficult to cajole the big delivery departments into regional working. Other departments, however, were less successful in resisting Treasury pressure. The slippery concept of sustainability proved difficult for DEFRA to uphold, while DCLG failed to win support for maintaining Assemblies or boosting local authority representation on RDA boards.

Our evidence also reveals important differences of opinion across Whitehall about the future of English regionalism. While elements of the SNR proposals have won widespread support other aspects, such as empowering RDAs, have not and could well be (overtly or covertly) resisted in Whitehall. Different departmental positions reflect a desire by ministers to orchestrate a regional architecture that enables them to meet their own individual objectives - a situation emblematic of the ‘mish-mash’ of decentralising activities that Stoker (2005) describes. Indeed, while claiming the need for reforms at the centre, the SNR is almost silent on the changes required in Whitehall for the reforms to be effective. Despite significant governance changes at the sub-national tier, the fundamental accountability structures, policy controls and funding streams remain firmly in Whitehall. While ministerial rhetoric may emphasise decentralisation, the reality is that the SNR proposals will not lead to a significant redistribution of powers.

In sum, the SNR proposals represent a set of reforms that lack an underlying logic and which are littered with ambiguities and contradictions. The big constitutional question about the future of the England post devolution in London and the devolved territories has not been addressed and there is no consensus in government about what the final constitutional settlement should be. New Labour's reform agenda stalled at the 2004 North East referendum and, in the absence of a constitutional master plan, the outcome has been a set of reactionary and incremental adjustments that lack strategic direction, buy-in and focus. In the short-term, English regionalism trundles on and there appears to be no emerging solution to match the constitutional settlements achieved elsewhere in the UK. With question marks over the ability of SNR to deliver policy effectiveness and economic growth and the *Governance of Britain* Green Paper to address the regional democratic deficit, the outstanding 'English Question' appears to be left unanswered.

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